

08 C 981

EXHIBIT C **JUDGE DARRAH**
MAGISTRATE JUDGE SCHENKIER

SPEAKER 2: Cody, Mark Radley here.

SPEAKER 1: Hello, Mark Radley.

SPEAKER 2: How you doing?

SPEAKER 1: Good, how you doing?

SPEAKER 2: Fine. What's been going on?

SPEAKER 1: How much we got on? I was just looking at that. You want to guess? 3.1.

SPEAKER 2: You been busy today?

SPEAKER 1: Oh, yeah. Did it very quietly, ten lots, five lots, ten lots, fifteen here, five here. The biggest lot I think I bought was 75.

SPEAKER 2: Off who?

SPEAKER 1: Morgan Stanley. We did get--right out of the chute we bought the 150s off Koch at 5-7/8.

SPEAKER 2: Yeah.

SPEAKER 1: So we dropped that. And then it was just a bunch of little ones, the little guys. We did--Nordico (ph) did, God, 100, probably 150, 175 smoothly. I mean there was no big lots, it's like fifteen here, ten here, ten here, fifteen there. I did two Chalkboard deals all day.

SPEAKER 2: Where was the spread at the end of the day?

SPEAKER 1: I would say conservatively probably around 6-1/4.

SPEAKER 3: 6-1/2, 6-1/4

SPEAKER 1: Something like that. Dennis is on now. Sounds like you're doing dishes, man.

SPEAKER 2: It's Nipper. Nipper making noise. Did you feel good about it?

SPEAKER 3: I mean, I kind of characterize this as--hey, Nipper.

SPEAKER 1: Hey, Nipper.

SPEAKER 3: I characterize it as I was kind of surprised we were able to get three hundred from the marketplace basically, maybe three, four hundred from the marketplace without moving it that much. I mean, we definitely were moving it at the end of the day. It was definitely firming up at the end of the day and it feels like it, you know, could--the market could have been anywhere, like sellers were at 65 cents or 62 cents, depending on where the market was, right?

SPEAKER 2: Yeah.

SPEAKER 3: So it's kind of--it seems like something that will just kind of move fairly easily. And then there's one more seller out there that's Dow. I think Dow has one chunk they can do and it's about--maybe that's about it.

SPEAKER 1: That's what we thought.

SPEAKER 2: What about crude today?

SPEAKER 3: Crude didn't do a heck of a lot. It kind of--it kind of--it bobbed around, was down a little bit and just kind of rallied into the close, I think, just because we're going to have this OPEC meeting late tonight, tomorrow morning. I think people just short covering for that meeting.

SPEAKER 2: Yeah.

SPEAKER 3: So it was up like 30 cents or maybe 25 cents in Aprils and Mays. I mean the propane that we were doing and the crude we were doing at the same time we didn't lose anything on. I mean, it's still, you know. Yeah, propane kept up with crude.

SPEAKER 1: And we were up one cent on the mark, day-to-day mark on pro and I think crude was up 30.

SPEAKER 3: I mean tomorrow-- Tomorrow if we are able to buy another four or five hundred thousand barrels tomorrow from the marketplace, I would be genuinely shocked, I mean really shocked. So, you know, that's it. Then I think we're just kinda--we'll just have to play a waiting game and see, you know, how it's going to shape up.

SPEAKER 2: Still remains to be seen, isn't it? Still need to see some of these shorts come in.

SPEAKER 3: Yeah, I mean I had--I mean, we--

SPEAKER 2: Were we the only buyer today?

SPEAKER 1: Pretty much.

SPEAKER 3: Pretty much.

SPEAKER 1: There's a few other deals done besides us but nothing--not many at all. Just a few, not--I think you could put them all on one hand. It wasn't us, but--

SPEAKER 3: We had--

SPEAKER 2: What about the surrounding news? What were the draws like over the weekend, or whatever?

SPEAKER 3: Well, we had 150 draw in on Friday and then we had the slower draws, maybe we only drew like 50 over the weekend because, yeah, that butane slug, and plus, it helps you look back at the data market. It always--it always, the draws always slow down Saturday and Sunday because of truck liftings. The truckers go home and, you know, they sleep with their women and stuff, so.

SPEAKER 2: Well what about the weather outlook?

SPEAKER 1: Yeah. It's still good.

SPEAKER 3: The weather--yeah, I mean, the weather's still cold in the Northeast, I mean, the parts of the Midwest are now kind of just normal, normal temps is what they're forecasting, but the Northeast is still cold, still below and much belows.

I mean, the other thing--I mean, the other thing that's--I mean, when you think about it, you know, we're not--talking with Cody here as we, you know, always talked about every single minute. But, you know, we're not going to take delivery of the stuff till February 29th, right? 27th, 28th.

SPEAKER 2: Right.

SPEAKER 3: I mean, the shippers who are going to be required to ship, yeah, they're not going to feel, people aren't going to feel concerned until it's time, right?

SPEAKER 2: Exactly.

SPEAKER 3: This could be the last week.

SPEAKER 2: Sure, sure, that's right. That's absolutely right. There's no doubt about that.

SPEAKER 3: So, and I was talking to Trammogas just a little while ago, you know, and they're--and he--he firmly believes, you know, he's never been that bullish, but he did say they were definitely importers who are short TET.

SPEAKER 1: He knows for sure.

<CROSSTALK>

SPEAKER 3: There's absolutely shorts in the TET market, who will have to cover it. He goes--so, I mean he--he's not extremely bullish, but he just thinks that, you know--I mean, hey, I mean it's at, you know, 78 percent of crude. I mean, it's not that cheap. It's not expensive.

SPEAKER 2: No, no, no. There's a long way to push it without <unintelligible>

SPEAKER 3: Yeah, yeah.

SPEAKER 2: <unintelligible>.

SPEAKER 3: No, the other thing I thought about today is if overall chem run rates are higher, it's saying the same thing we said before, that the amount of dead stock might be actually higher in PADD 3 because if your chemical run rates are harder, then your chances are you're having to hold more--more stock, you know, more neutral stock.

SPEAKER 2: <unintelligible> down <unintelligible>

SPEAKER 3: I don't know. I never know--I don't know what the story is. Cody, do you know what the story is?

SPEAKER 1: No.

SPEAKER 3: We don't know how they trade. We don't understand it. I mean they were--we asked them this, Cody asked them this morning, okay, where are you at and she goes eh, you know, we, you know, you know, she kind of hemmed and hawed and then the market's up one cent or three quarter--or 75 points and suddenly they wanted like, you know, peddle a hundred thousand barrels. So I don't quite understand that trading method or what triggers that or if there's a big flat price element to it or what. But there were-- well, all the conversation with this guy, with Yunis, Yunis is this guy that I talk to a lot.

SPEAKER 1: I tried to get a little more out of Dow. She asked me, you know, are you guys, you know, looking at more propane. I said well, yeah, in fact we are switching a little bit over to propane and she said well, same here and she sold me 50. When I asked her, okay, if we're going to do something, let's do a little bit more size and that's all she could do was 50. And then Yunis, of course, who does, I think it's his book.

SPEAKER 3: Their hedging.

SPEAKER 1: The hedging book is maybe still he held some front-end length in front of it, anticipating the same problem happened last year based on the fundamentals. So he showed Dennis the hundred thousand about three quarters of a cent later, so I don't--

SPEAKER 2: This moment don't forget that although we might have three point one million long, we haven't got 3.1 million of physical yet, right?

SPEAKER 3: No.

SPEAKER 1: No, we got 2.4 million right now. It'll go down to 2.1 after it all priced from this point forward.

SPEAKER 3: Yeah.

SPEAKER 1: Well, it'll be about 2.2, I think.

SPEAKER 3: It can get pretty exciting if we continue--if we go off 3 million long. I mean, there will be--there will be--it will be exciting.

SPEAKER 2: What did Morgan say about their 75,000? That's quite a big position for him.

SPEAKER 1: He didn't say anything. We were Yahoo-ing back and forth. He said I got 75 here and he was like at the time he was probably a half cent above the market and I kind of tried to embarrass him into selling it lower. <unintelligible> hey it's offered it 61, 60 and a half here, he was, I think, at 61 and I said, you know, you know, we'll pass because we're picking up a little bit here.

SPEAKER 3: He's a reluctant seller.

SPEAKER 1: He's a very, very reluctant seller. And then he showed--he came back later in the day. Maybe he was putting something on against it and he said I'll do 50 there, 60 and three-quarters. I said all right, we'll do that. And then about five minutes later, he goes now I can do the other 25 there. So he was spreading against something.

SPEAKER 2: Some <unintelligible>

SPEAKER 1: He said, I mean, I kind of Yahoo-ed him. I said thanks for the deal, you know, and he goes, you still fancy--you fancy stuff for a pop. And I wrote down as time will tell, you know. I said it's a decent value. And he goes yeah, it still has a chance on a spread basis, but less explosive in my view than it was. And that's all he said. So maybe he's just selling, just kind of giving up. He had it and now he's just kind of giving up.

SPEAKER 1: So he's getting offers.

SPEAKER 3: Let's face it.

SPEAKER 2: We're the only people that can do anything with that contract.

SPEAKER 3: That's right. That's right. And so, man, if you're sitting around with a hundred or a couple hundred thousand barrels--

SPEAKER 2: <unintelligible> feature today?

SPEAKER 3: They're out. They don't have a drop.

SPEAKER 2: They're clearly short, they're short.

SPEAKER 1: Yeah, they are.

SPEAKER 3: Flavins's (ph).

SPEAKER 1: I wonder if that's one they want to go to the basketball game Wednesday night to discuss--

SPEAKER 3: Well, Flavins.

<CROSSTALK>

SPEAKER 1: Fly boy's out.

SPEAKER 3: Flavins out in Connecticut.

SPEAKER 1: So they're flying without a driver except for Dean.

SPEAKER 3: There's not even an offer. I mean, they're out. I mean, I don't know if they're short. They just--they just don't have any length left, that's for sure.

SPEAKER 1: Could be the Euros that got them, you know.

SPEAKER 3: You never know.

SPEAKER 2: Were most people selling outright or trying to fill the spread?

SPEAKER 1: Mostly I would say the little guys, the small, little trading houses and the producers were selling the outright. We did have Koch, of course did the 150 on the spread and then Dennis did a couple other deals on March-April—I mean Feb-Mar--April. But there wasn't a lot of spread talk today, mainly just hem and hawing around the flat price on the Feb and the March. I didn't see a lot of direct.

SPEAKER 2: What about natty?

SPEAKER 3: Nah, it didn't do much today. It started out stronger. Cash natty was a little bit stronger. It tried to rally. It was up ten, eleven cents and then it kind of went out with a wimper. The whole curve is up five cents, but the front was off three or four cents. I tell you, we got really good fills today. I mean, we were quiet. We did, I mean--

SPEAKER 2: <unintelligible>

SPEAKER 3: I got to commend--I got to commend Cody did a really good job. We--you know, he just waited it out and just continued to wait and wait and people just, you know,

SPEAKER 1: Marlene's on the bandwagon with 165. We've filled her for 165, so she's on the spread at 165.

SPEAKER 2: Good, good.

SPEAKER 3: We'll see.

SPEAKER 2: Oh, it sounds pretty good, sounds pretty good. Something's got to give, doesn't it.

SPEAKER 1: Got to give.

SPEAKER 3: It could be very well--yeah, it could be very--

SPEAKER 2: <unintelligible> very curious. You know, half of me is saying, look. The fact that nothing's really moved in terms of a spread yet is good, because people aren't, you know, looking for ways out or alternatives or backing out demand or that sort of thing, so that's kind of a good thing. The down side is, of course, it all happens at the last minute, it gets a bit messy, people start cheating, you know.

SPEAKER 1: Not delivering.

SPEAKER 2: Not delivering. You know, it starts to look a little bit funny as well, that the spread, you know, just erupts at the last minute

SPEAKER 1: And we don't get the price out on all this paper.

SPEAKER 3: Well, then it's a different thing. If we don't get a price out of this paper and we have--

SPEAKER 2: The advantage of paper, is that we're selling at an index price, there's no complaints. If we squeeze it in the last four or five days of the month, forgive my French, it's going to be hard to say what's the fair price of the market at the time.

SPEAKER 3: I think as long as we continue to show two ways, I mean we continued to show offers today on the screen and we're showing offers just to get people comfortable with the idea of selling. So we're continually offering it at the same time we're trying to pick up volume today. And I think as long as you continue to show offers, then I think that's fair, you know. We're giving some people an out, okay?

SPEAKER 2: Yep.

SPEAKER 3: It's not--it's not unfair. So we'll see.

SPEAKER 2: Sounds good, guys.

SPEAKER 3: Okay. Hey, you having fun?

SPEAKER 2: Well, we are, yes.

SPEAKER 1: How's the weather?

SPEAKER 2: Oh, it was terrible the first two days and it has been nice today.

SPEAKER 3: Good.

SPEAKER 2: <unintelligible> rather nice day.

SPEAKER 3: What day are you coming back? How many more days do you have down there?

SPEAKER 2: We're coming back on Tuesday.

SPEAKER 3: Tuesday?

SPEAKER 2: Of the following week. The week on Tuesday.

SPEAKER 3: Oh, wow, you're getting some good time down there.

SPEAKER 2: <unintelligible>

SPEAKER 1: Don't forget your sun screen.

SPEAKER 3: Way to go.

SPEAKER 2: <unintelligible> Yeah.

SPEAKER 3: Way to go, man. You're getting some good time down there.

SPEAKER 2: Yeah.

SPEAKER 3: Relax.

SPEAKER 2: Well, I need you guys to, you know, try and have fun.

SPEAKER 1: We got it.

SPEAKER 2: <unintelligible>

SPEAKER 1: (Laughter). That's enough. Have a good one <unintelligible> See you.

SPEAKER 3: See you.

(End of recording.)

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